



House of Representatives

File No. 829

General Assembly

January Session, 2011

(Reprint of File No. 585)

House Bill No. 6561
As Amended by House
Amendment Schedule "A"

Approved by the Legislative Commissioner
May 20, 2011

AN ACT CONCERNING A WAIVER FROM REQUIRED ELECTRONIC REPORTING AND PAYMENT OF TAXES.

Be it enacted by the Senate and House of Representatives in General
Assembly convened:

1 Section 1. Section 12-686 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2011, and*
3 *applicable to payments for tax periods beginning on or after said date*):

4 (a) (1) Except as otherwise provided in subsections (b), [and] (c) and
5 (d) of this section, the commissioner may require every person who
6 files a tax return for any tax on a monthly or quarterly basis to pay
7 such tax during the twelve-month period following a determination of
8 liability under this subdivision by one of the means of electronic funds
9 transfer approved by the department, if the commissioner determines
10 that such person's liability for such tax was four thousand dollars or
11 more for the twelve-month period ending on the June thirtieth
12 immediately preceding the monthly or quarterly period with respect to
13 which the requirement to pay tax by electronic funds transfer is
14 established. The commissioner, in determining whether tax liability is
15 four thousand dollars or more, shall base such determination on the

16 taxes reported to be due on the tax returns of such person related to
17 the period under examination. If any tax return or returns of such
18 person for such period have not been filed, the commissioner may base
19 such determination on any information available to such
20 commissioner.

21 (2) Except as otherwise provided in subsections (b), [and] (c) and (d)
22 of this section, the commissioner may require every person, other than
23 a person described in subdivision (3) of this subsection, who files a tax
24 return for any tax on an annual basis to pay such tax, or any
25 installment thereof, during the twelve-month period following a
26 determination of liability under this subdivision by one of the means
27 of electronic funds transfer approved by the department if the
28 commissioner determines that such person's liability for such tax was
29 four thousand dollars or more for the year immediately preceding the
30 year with respect to which the requirement to pay tax by electronic
31 funds transfer is established. The commissioner, in determining
32 whether tax liability is four thousand dollars or more, may base the
33 determination on the estimated tax, if any, paid for the immediately
34 preceding year, provided, if the tax return for such immediately
35 preceding year has been filed, the commissioner shall base the
36 determination on the taxes reported to be due on such tax return. If
37 any tax return of such person for such period has not been filed or
38 estimated tax has not been paid by such person for such period, the
39 commissioner may base such determination on any information
40 available to the commissioner.

41 (3) Except as otherwise provided in subsections (b), [and] (c) and (d)
42 of this section, the commissioner may require every employer who is
43 deducting and withholding Connecticut income tax from employee
44 wages to pay such tax during the twelve-month period following a
45 determination of liability under this subdivision, by one of the means
46 of electronic funds transfer approved by the department if the
47 commissioner determines that the amount of Connecticut income tax
48 deducted and withheld from employee wages by such employer was
49 more than two thousand dollars for the twelve-month period ending

50 on the June thirtieth immediately preceding the quarterly period with
51 respect to which the requirement to pay over tax by electronic funds
52 transfer is established. The commissioner, in determining whether tax
53 liability is more than two thousand dollars, shall base such
54 determination on the taxes reported to be due on the quarterly
55 withholding tax returns of such employer related to the period under
56 examination. If any such tax return of such person for such period has
57 not been filed, the commissioner may base such determination on any
58 information available to the commissioner.

59 (b) Notwithstanding any provision of subsection (a) of this section:
60 (1) No person shall be required to pay any tax by electronic funds
61 transfer until the department has given notice to such person of such
62 requirement; and (2) no person required to pay any tax for any period
63 by electronic funds transfer shall cease such method of payment until
64 notified by the department that such method of payment is no longer
65 required. The department shall give notice to such person that such
66 method of payment is no longer required as soon as practicable after
67 such determination is made.

68 (c) Notwithstanding any provision of subsection (a) of this section,
69 any person required by regulations adopted under section 12-690 to
70 file electronically any return, statement or other document that is
71 required by law or regulation to be filed with the commissioner shall
72 be required to pay the tax to which such return, statement or other
73 document pertains by electronic funds transfer. For purposes of this
74 subsection, any person required by regulations adopted under section
75 12-690 shall not include any return preparer, as defined in such
76 regulation.

77 (d) Notwithstanding any provision of subsection (a) of this section,
78 any person required to file a tax return electronically or to make a tax
79 payment by electronic funds transfer, may request in writing, not later
80 than thirty days prior to the date such filing or payment is due, that
81 the commissioner waive such requirements if, on the basis of
82 information provided by such person, the commissioner finds that

83 there would be undue hardship for such person. The commissioner
84 shall promptly inform such person of the granting or rejection of the
85 requested waiver. The decision of the commissioner shall be final and
86 not subject to further review or appeal. If the commissioner grants the
87 waiver, such person may file a signed paper Connecticut tax return or
88 returns and make payments by other than electronic funds transfer.
89 Such waiver shall be effective for twelve months from the date such
90 waiver is granted. The provisions of this subsection shall not apply to
91 return preparers.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>October 1, 2011, and applicable to payments for tax periods beginning on or after said date</i>	12-686
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The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 12 \$	FY 13 \$
Department of Revenue Services	GF - Revenue Loss	Potential Minimal	Potential Minimal

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill establishes a process by which a taxpayer may be granted an exemption from the current requirement that certain filers remit taxes by electronic funds transfer. To the extent that the Department of Revenue Services commissioner allows taxpayers to file on paper rather than electronically, there is a potential minimal loss of interest income to the state due to a delay in the receipt and deposit of funds.

House "A" strikes the original bill (File 585) and makes technical and clarifying changes, as well as changing the bill's effective date, which does not change the fiscal impact identified in the fiscal note on the original bill.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**HB 6561 (as amended by House "A")******AN ACT CONCERNING SALES TAXES PAID BY BUSINESSES.*****SUMMARY:**

By law, the Department of Revenue Services (DRS) commissioner can require taxpayers and employers to pay taxes by electronic funds transfer if they have (1) \$4,000 or more in annual tax liability or (2) more than \$2,000 in annual withholding tax payments. The law also requires those who, under the DRS regulations, must file returns and other documents electronically to pay by electronic funds transfer.

This bill allows the DRS commissioner to waive the electronic filing or payment requirement if the commissioner finds, based on information a person provides, that it would be an undue hardship for that person to comply with the requirement. A person seeking a waiver must apply in writing to the DRS commissioner at least 30 days before the filing or payment due date. The commissioner must promptly inform the person of the decision on the request. The commissioner's decision is final and not subject to review or appeal.

A hardship waiver is effective for 12 months from the date the DRS commissioner grants it and allows a person to file a signed paper return or make payments other than by electronic funds transfer.

Under the bill, tax return preparers are not eligible for the waivers.

*House Amendment "A" strikes the original bill (File 585) and substitutes the provisions described above. It also changes the bill's effective date from July 1, to October 1, 2011

EFFECTIVE DATE: October 1, 2011, and applicable to tax periods

starting on or after than date.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 52 Nay 0 (04/07/2011)